

ORIGINAL

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

EX PARTE OR LATE FILED

TYSONS CORNER

8000 TOWERS CRESCENT DRIVE

SUITE 1200

VIENNA, VIRGINIA 22182

(703) 918-2300

FACSIMILE

(703) 918-2450

www.kelleydrye.com

www.kelleydrye.com

DIRECT LINE (703) 918-2316

E-MAIL: mhazzard@kelleydrye.com

ORIGINAL

September 7, 2001

RECEIVED

SEP - 7 2001

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

NEW YORK, NY  
WASHINGTON, DC  
LOS ANGELES, CA  
CHICAGO, IL  
STAMFORD, CT  
PARSIPPANY, NJ  
BRUSSELS, BELGIUM  
HONG KONG

AFFILIATE OFFICES  
BANGKOK, THAILAND  
JAKARTA, INDONESIA  
MANILA, THE PHILIPPINES  
MUMBAI, INDIA  
TOKYO, JAPAN

VIA HAND DELIVERY

Magalie R. Salas, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: Notice of Oral *Ex Parte* Presentation by Z-Tel  
Communications, Inc., CC Docket No. 01-194

Ms. Salas:

Pursuant to Section 1.1206(b)(1) of the Commission's Rules, Z-Tel Communications, Inc. ("Z-Tel"), by its attorney, submits this notice of an oral *ex parte* presentation made in the above-captioned proceeding on September 6, 2001 during a meeting with the following Common Carrier Bureau Staff Members: Scott Bergman, Bill Dever, Aaron Goldschmidt, Rich Lerner, and Carol Canteen. Tom Koutsky of Z-Tel made the presentation, and distributed the attached presentation, which has been updated slightly to correct for certain typographical errors. In accordance with Section 1.1206(b)(1), an original and two copies of this *ex parte* notification and attachment are provided for inclusion in the public record of this proceeding. Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

Michael B. Hazzard

Attachment

cc: Scott Bergman  
Bill Dever  
Aaron Goldschmidt  
Rich Lerner  
Carol Canteen  
Qualex International

No. of Copies rec'd 0+2  
List A B C D E



# The TELRIC Test for Arkansas and Missouri

9/06/2001

Prepared by George S. Ford, Z-Tel



## TELRIC Test

- The TELRIC Test:

- In taking a weighted average of loop rates in Oklahoma and Texas, we find that Oklahoma's rates are roughly one-third higher than those in Texas (ft. omitted). ... Using a weighted average of wire-center loop costs, the USF cost model indicates that loop costs in SWBT's Oklahoma study area are roughly 23 percent higher than loop costs in its Texas study area (ft. omitted). We therefore attribute this portion of the differential, roughly two-thirds of it, to differences in costs. The remainder of the differential, however, is not *de minimus*, and we cannot ignore its presence. FCC KS-OK 271 Order, ¶ 83-5.



## TELRIC Test

- TELRIC Test is simply:

$$\frac{P_i}{P_R} \approx \frac{C_i}{C_R}$$

- where  $P$  is the UNE Rate,  $C$  is the HCPM cost,  $i$  is the applicant state, and  $R$  is the reference state.
- Not a strict equality, but 10 percentage points (0.10) got the FCC's attention (see previous slide).
- For previous slide (OK/TX), we have  $1.33 \neq 1.23$



# TELRIC Test for Arkansas

TELRIC Test for Arkansas and Texas			
	$P_i/P_R$	$C_i/C_R$	Pass/Fail
Loop	0.99	1.39	Pass
Switch Port	0.73	1.09	Pass
EO Usage	1.03	1.19	Pass
Tandem	0.99	1.70	Pass



## TELRIC Test for Arkansas

TELRIC Test for Arkansas and Kansas			
	$P_i/P_R$	$C_i/C_R$	Pass/Fail
Loop	1.05	1.23	Pass
Switch Port	1.00	0.99	?
EO Usage	0.99	0.97	?
Tandem	1.00	0.93	Fail

*Kansas Rates do not satisfy the "Presumption" Standard for UNE Rates. Close on everything but Tandem.*



## TELRIC Test for Arkansas

### TELRIC Test for Arkansas and Weighted Average of TX, KS, and OK

	$P_i/P_R$	$C_i/C_R$	Pass/Fail
Loop	0.97	1.33	Pass
Switch Port	0.75	1.07	Pass
EO Usage	0.92	1.14	Pass
Tandem	0.97	1.59	Pass





## TELRIC Test for Missouri

TELRIC Test for Missouri and Texas			
	$P_i/P_R$	$C_i/C_R$	Pass/Fail
Loop	1.08	1.16	Pass
Switch Port	0.85	1.13	Pass
EO Usage	1.29	1.18	Fail
Tandem	1.55	1.10	Fail





# TELRIC Test for Missouri

TELRIC Test for Missouri and Kansas			
	$P/P_R$	$C/C_R$	Pass/Fail
Loop	1.14	1.03	Fail
Switch Port	1.18	1.03	Fail
EO Usage	1.24	0.96	Fail
Tandem	1.56	0.60	Fail



## TELRIC Test for Missouri

TELRIC Test for Missouri and Oklahoma			
	$P/P_R$	$C/C_R$	Pass/Fail
Loop	0.97	0.94	Fail ?
Switch Port	0.83	1.06	Pass
EO Usage	0.69	1.02	Pass
Tandem	1.29	1.31	Pass



## TELRIC Test for Missouri

TELRIC Test for Missouri and Weighted Average (TX, OK, KS)			
	$P_i/P_R$	$C_i/C_R$	Pass/Fail
Loop	1.07	1.11	Pass
Switch Port	0.88	1.11	Pass
EO Usage	1.15	1.13	?
Tandem	1.51	1.03	Fail



# ZTELRIC TEST Results

- Arkansas

- Passes Texas
- Passes Oklahoma
- Passes Weighted Average
- Passes Most of Kansas

- Missouri

- Fails Texas
- Fails Oklahoma
- Fails Kansas
- Fails Weighted Average



## Backup: Costs and Rates

	TX	OK	KS	Wgt. Average (TX, OK, KS)	AR	MO
<b>Loop</b>						
HCPM	16.61	20.48	18.77	17.35	23.02	19.27
UNE Rate	14.10	15.71	13.30	14.22	13.90	15.18
<b>Switch Port</b>						
HCPM	0.80	0.86	0.88	0.82	0.88	0.91
UNE Rate	2.22	2.28	1.61	2.16	1.61	1.89
<b>End-Office Usage</b>						
HCPM	0.00109	0.00126	0.00134	0.00114	0.00130	0.00129
UNE Rate	0.00144	0.00267	0.00149	0.00160	0.00148	0.00185
<b>Tandem Switching</b>						
HCPM	0.00075	0.00063	0.00138	0.00081	0.00128	0.00083
UNE Rate	0.00079	0.00096	0.00079	0.00081	0.00079	0.00123